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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

March 27, 1998

**Ex Parte**

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, NW  
Room 222  
Washington, DC 20554

**Re: Application of WorldCom, Inc. and MCI Communications Corporation for  
Transfer of Control of MCI Communications Corporation to WorldCom, Inc., CC  
Docket No. 97-211.**

The purpose of this letter is to respond to criticisms of the Bill Harvesting databases made by Robert E. Hall on behalf of MCI (*In the Matter of Applications of WorldCom, Inc., for Transfers of Control of MCI Communications Corporation*).

PNR and Associates, Inc. ("PNR") has been collecting consumer local, long distance and wireless telecommunications bills and cable TV bills since 1994. Information on these bills has been used to create databases that have offered to and purchased by incumbent local exchange companies, competitive local exchange companies and interexchange companies.

Dr. Hall portrays the information that was provided to him by MCI as "promotional documents" when in fact the information provided to MCI by PNR was sample data provided at the request of MCI. MCI requested this information as they were considering the purchase of the Bill Harvesting III (1996) database. In addition, Dr. Hall, misuses some of the information provided and ignores other information that contradicts other statements that he makes in his Declaration.

In paragraph 51 on page 17 of his Declaration, Dr. Hall refers to cites from Bell Experts indicating that 65 percent of residential customers pay standard prices rather than using lower-price plans. That figure comes from PNR's 1994 Bill Harvesting study which consisted of bills collected during the Spring of 1994 just before the IXC's began active campaigns promoting their call plans. The attached documents that MCI provided to Dr. Hall show that in 1996 approximately 66 percent of MCI customers were on call plans.

In paragraphs 51, 52 and 53, Dr. Hall criticizes the PNR data as being badly biased. He states in footnote 13 that this criticism is based on the "promotional documents" provided to MCI by

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FCC

March 27, 1998, page 2 of 2


PNR. I have provided those documents as an attachment to this letter. The first document which was faxed to MCI on October 16, 1996 contains average bill and call plan information for the three major IXC's. This information is from the 1996 Bill Harvesting III database. The document states that of those households using MCI as their primary carrier 65.9 percent were on call plans. MCI responded the very next day asking for more information, indicating that *"The two statistics you gave were not too far off the mark."*

I provided the requested information to MCI on October 22, 1996 in a second fax. Dr. Hall's criticisms are based on his misrepresentation of this document. In paragraph 53, he states that *"According to PNR, about 54 percent of MCI residential customers spent \$10 or less on long distance. In the MCI data, the corresponding fraction is only 32. Plainly, the highest usage customers were under-represented in the sample."* Dr. Hall calculated the 54 percent by dividing the number of bills in the \$0 to \$10 category (861 bills) by the total number of MCI bills (1,595). However, these bills include all bills with MCI calls, not just bills for households presubscribed to MCI. Therefore, any bill with a calling card call or a collect call billed by MCI would be included. Correct use of the Bill Harvesting II data shows that 41 percent of households presubscribed to MCI had bills less than \$10, not the 54 percent used by Dr. Hall.

In paragraph 52, Dr. Hall also states that to his knowledge PNR does nothing to adjust for possible bias in the data. All households participating in Bill Harvesting are members of a consumer panel. These panels are very large (approximately 500,000 households). Upon joining the panel these households provide complete demographic information which is updated regularly. The Bill Harvesting sample households selected from the panel are nationally representative of the nation in terms of income, age, household composition and census region. PNR provides Bill Harvesting clients with "weights" that allow clients to adjust the data for possible response bias. This was made clear in my discussions with MCI. Although my name and telephone number were on all correspondence with MCI, neither Dr. Hall nor anyone from MCI contacted me to verify that statements being made about the PNR data were correct.

I am available to discuss any questions that the FCC might have about the Bill Harvesting databases. I can be reached at (215) 886-9200.

Sincerely,

  
William M. Newman  
Vice President

✓ cc: Janice Myles (Common Carrier Bureau, FCC) with Attachments

**PNR and ASSOCIATES INC.**  
**(215) 886-9200 (Office) (215) 886-9912 (fax)**

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**DATE:** October 16, 1996

**Number of pages:** [ 2 ] incl. cover page

**FAX TO:** Christine Lee / George Ford

**FAX #:** 703-415-6402 / 202-887-2215

**TEL. #:** 703-415-6646 / 202-887-2909

**From:** Bill Newman

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Christine,  
George,

This fax contains a table showing the average long distance bills by primary carrier and the percent of households on call plans. Please call me on (215) 886-9612 if you would like any additional information.

Sincerely,

Bill

**Bill Harvesting III**  
**(Aggregate Database)**

Attachment, page 2 of 5

<b>Long Distance Bill of Primary Carrier</b>			
<i>Company</i>	<i>Count</i>	<i>Average Bill</i>	<i>Percent with Call Plan</i>
AT&T	4589	\$23.49	54.54
MCI	957	\$26.40	65.94
Sprint	315	\$31.63	46.67
Other	809	\$19.79	6.18
Total	6670	\$23.85	49.90

FROM

(REV) 10/17/96 10:21/ST. 10:20/NO. 3562148414 P 1/1

Attachment, page 3 of 5



## FACSIMILE

GEORGE S. FORD  
1801 PENNSYLVANIA AVE NW  
WASHINGTON, DC 20006  
202-887-2909

DATE: OCTOBER 17, 1996

TO: BILL NEWMAN, PNR

RE: DESCRIPTIVE STATS

# WHOOOPS! Disregard previous fax.

Thanks for the fax. I have shared the information with Christine. The two statistics you gave are not too far off mark.

We would like the following statistics:

Usage Distributions for MCI customers:

	\$0 - 10	\$10 - 25	\$25 - 50	\$50 - 75	\$75 +
Number of Bills					
AVG Domestic Dollars					
AVG Int'l Dollars					
AVG 800 Dollars					
AVG Credit Card Dollars					

Also, the date of the bill is also important. For example, bills are \_\_\_% June, \_\_\_% July, etc.

Thanks for your help.

George *Calling card*

34 31

**PNR and ASSOCIATES INC.**  
**(215) 886-9200 (Office) (215) 886-9912 (fax)**

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**FAX TO:** George Ford / Christine Lee

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**TEL. #:** 202-887-2909 / 703-415-6646

**From:** Bill Newman

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Christine,  
George,

This fax contains the usage distributions for MCI customers that you requested. Because the call detail for Bill Harvesting III is not yet completed, this information is from the Bill Harvesting II database (1995).

Also, the *billing months* for the Bill Harvesting III database (over 8,800 1996 bills) is as follows:

April:	.6%
May:	4.6%
June:	46.5%
July:	44.9%
August:	3.3%

If you have any questions please call me on (215) 886-9612.

Bill

## Bill Harvesting II

### Usage Distributions for MCI Customers

(Averages for customers with usage>0 in each bin)										
	\$0-10		\$10-25		\$25-50		\$50-75		\$75+	
	Number of Bills	Avg. Bill	Number of Bills	Avg. Bill	Number of Bills	Avg. Bill	Number of Bills	Avg. Bill	Number of Bills	Avg. Bill
<b>Domestic Calls</b>	861	\$ 3.85	378	\$ 16.25	238	\$ 33.34	64	\$ 54.99	44	\$ 92.39
<b>Int'l Calls</b>	16	\$ 3.88	24	\$ 8.02	34	\$ 17.14	12	\$ 31.24	16	\$ 68.40
<b>800 Calls</b>	6	\$ 2.17	3	\$ 3.34	6	\$ 8.60	2	\$ 24.65	5	\$ 34.16
<b>Calling Card Calls</b>	141	\$ 2.81	97	\$ 6.23	94	\$ 9.66	34	\$ 20.96	22	\$ 36.29

(Averages over all customers in bin)					
	\$0-10	\$10-25	\$25-50	\$50-75	\$75+
<b>Number of Bills</b>	861	382	243	64	45
<b>Domestic Calls</b>	\$ 3.77	\$ 16.08	\$ 32.66	\$ 54.99	\$ 90.34
<b>Int'l Calls</b>	\$ 0.07	\$ 0.50	\$ 2.40	\$ 5.86	\$ 24.32
<b>800 Calls</b>	\$ 0.02	\$ 0.03	\$ 0.21	\$ 0.77	\$ 3.80
<b>Calling Card Calls</b>	\$ 0.46	\$ 1.58	\$ 3.74	\$ 11.14	\$ 17.74
<b>Total Bill</b>	\$ 4.32	18.19	39.01	72.76	136.2